



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

Outgoing  
M0210008

August 17, 2010

Travelers Casualty and Surety Co. of America  
1100 East 6600 South, #500  
Salt Lake City, Utah 84121

Subject: Cancellation of Surety Bond Number \_\_\_\_\_ 'Palladon Iron Corporation, Iron  
Mountain Mine, M/021/0008, Iron County, Utah

Dear Sir or Madame:

The Utah Division of Oil, Gas and Mining (Division) received your letter dated August 10, 2010, regarding cancellation of surety bond number \_\_\_\_\_ in the amount of \$1,299,100.00 effective, according to the letter, September 22, 2010.

The terms of the surety state:

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

The Division received the surety cancellation notice August 16, 2010, and 90 days from this date is November 14, 2010. This is the earliest date the surety may be cancelled. The mine operator is being advised that a replacement surety must be provided by October 15, 2010.

Under the terms of the above referenced surety bond, Travelers Casualty and Surety Co. of America remains liable for reclamation of the existing disturbance. If the surety is not replaced by October 15, 2010, the Division will immediately issue a cessation order to the operator and demand that it commence reclamation. Failure of the operator to reclaim the mine within 30 days of issuance of the cessation order may result in the Division making demand on Travelers Casualty and Surety Co. of America to either proceed with reclamation or to pay to the Division the amount of the bond. If Travelers Casualty and Surety Co. of America fails to complete reclamation or make payment as requested, the Division may proceed to file a Request for Agency Action with the Board of Oil, Gas and Mining to seek forfeiture of the bond.



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Please confirm that you remain responsible as surety for the reclamation of the existing disturbance. We also ask that you advise the Division immediately if there is any reason or if any conditions arise that may preclude you from continuing as surety for reclamation of the existing disturbance.

Thank you for your cooperation. If you have any questions, please feel free to call me at 801-538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker', with a stylized flourish at the end.

Paul Baker  
Minerals Program Manager

PBB:pb

Enclosure Letter to operator dated August 17, 2010, and copy of surety

Cc: Palladon/CML

[Ed\\_ginouves@blm.gov](mailto:Ed_ginouves@blm.gov)

[Opie\\_abeyta@blm.gov](mailto:Opie_abeyta@blm.gov)

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